



GLOBAL ENVIRONMENT FACILITY  
INVESTING IN OUR PLANET

# The Global Environment Facility in a New Era

**NEW STRATEGIES FOR NEW CHALLENGES**







Mexico warmly welcomes the GEF family to its 5<sup>th</sup> GEF Assembly that also inaugurates a fresh new cycle of funding for the GEF to pursue its mission as champion of the global environment. We stand strongly behind the goals

of the re-energized GEF, attested by our hosting of this momentous gathering, and through the unprecedented doubling of our financial stake in the facility committed over the next four years.

As Mexico's Minister of Finance and Public Credit, I firmly believe that achieving sustainable green growth solidly anchored on clean-energy infrastructure, low-carbon transport, energy efficient industries, wise management of land and marine resources, and climate-smart agriculture will determine whether developing economies thrive or fail in the 21<sup>st</sup> century. These goals must be supported by policy and economic environments that will attract private investments. And to create incentives for private sector investment, the public sector must ensure that the risks and rewards of green investments are consistent with those of other investments, promoting innovation, and mitigating possible negative economic impacts in the transition period.

As I welcome you to Cancun for the 5<sup>th</sup> GEF Assembly, I have high hopes that these challenges will be discussed in detail and that firm plans for action will emerge.

## **Luis Videgaray Caso**

*Minister of Finance and Public Credit of Mexico*



The global environment faces new and intensifying challenges that the Global Environment Facility is uniquely positioned to meet. We assemble in Mexico to unveil our new strategy determined to make the GEF an ever more central actor in the

international environmental arena and to work with GEF member nations gathered here to promote and implement our vision of being a champion of the global environment. I congratulate the Government of Mexico for taking a leading role in this major endeavor by hosting what we hope will be a historic GEF Assembly. Through its involvement, Mexico sets an example for recipient and donor countries alike to become more engaged in the future of the GEF and our ambition to direct funding to the most pressing issues threatening the health of the global environment.

This publication and the results of the many discussions that will take place in this 5<sup>th</sup> GEF Assembly will make clear that the GEF family is ready to move its collective effort to a new level.

We proudly present the new vision and strategies of the GEF as an important step in a direction that will ensure the sustainable use of ecosystems and resources upon which all life depends. The commitment of our member nations in this endeavor gives us a great chance of success.

## **Naoko Ishii**

*CEO and Chairperson, the Global Environment Facility*





# The Global Environment at a Cross Road

We are at a crucial turning point in the history of our planet, as negative trends in global environmental health threaten to exceed planetary boundaries and the ability of our earth's ecosystems to recover. We see in the collapse of fisheries, the extinction of species, and the loss of arable land an approaching point of no return in a number of key environmental areas. It is critical that the Global Environment Facility (GEF) helps to reverse these negative trends by supporting innovative and transformational projects and programs that can deliver global environmental benefits at scale. This is what underlies our focus on new and integrated approaches that take a holistic approach to environmental challenges with resources and

partnerships strong enough to tackle the big issues. Going about attending one environmental crisis after another won't work. We need to understand the early signs of crises in the making, and what makes them take root.

GEF is strongly positioned to play a catalytic role in bringing about a newly energized approach to environmental threats and the goal of sustainable development. This will be accomplished through the guidance provided by our GEF2020 strategy and the four-year GEF-6 program just getting under way, and through the committed support of our 183 member nations that gathered in Cancun in May 2014 for the GEF Assembly.

# GEF2020: A Blueprint for Global Environmental Benefits

The GEF2020 strategy depends upon bold, leveraged investments and innovative cross-cutting projects and programs aimed not at the symptoms but at the drivers of environmental degradation, and implemented in partnership with stakeholders from the public and private sectors. Our work is about more than environmental protection. What we will help accomplish in addressing global environmental challenges is nothing less than securing our own future by protecting and enhancing the natural capital essential to our wellbeing and our aspirations for sustainable economic growth. GEF

helps ensure the sustainable use of ecosystems and resources upon which life depends.

The underlying premise, reflected in the GEF's founding documents, is that the

environment is an essential precondition for sustainable development.

The enormity of the task before us requires new approaches and strategies, carried out collaboratively across multiple institutions. With our unique position in the global environmental financing architecture, GEF is poised to play a significant role not only by providing financing, but by convening the key partners and catalyzing greater investment in the environment by others across the public and private sectors.

Under the GEF2020 strategy, our vision is to be a champion of the global environment, supporting transformational change and achieving impacts at scale. To achieve this vision, the GEF will create partnerships and support coalitions that unite committed stakeholders around solutions aimed at addressing the drivers of complex environmental challenges. Our approach will focus on cost-effective, innovative and scalable intervention—projects that are or can be scaled to benefit multiple countries and regions and which stimulate policy, market, or behavioral transformations.



# No Let-Up in Pressures on the Environment

The forces underlying global environmental degradation do not lessen with time. In the coming decades, three socioeconomic trends in particular—population growth, a rising global middle class, and increasing urbanization—will intensify already dangerous pressures on the earth's ecosystems.

From less than four billion in 1970 to just over seven billion in 2012, the global population is projected to exceed 9 billion by 2050, with almost half of this growth in sub-Saharan Africa. Rising population, undernourishment, and poor soil quality will combine to create added pressure to convert natural landscapes to agricultural use, increasing stresses on fresh water supplies and curtailing biodiversity habitat. Worldwide, the middle class is expected to grow along with the global economy, with five billion more people by 2030 in the category of people with daily consumption

between \$10 and \$100. Two thirds of this increased population will live in Asia. With this growing middle class will come growth in demand for energy, food, buildings and transportation. These trends threaten to accelerate climate change, biodiversity loss, land degradation, chemical pollution, degradation of international water bodies, and deforestation. Much of this population growth will concentrate in urban areas, particularly along the world's coastlines. As the locus of 90 percent of the world's gross domestic product, urban areas are consequently the source of much of the world's pollution; for example, more than 70 percent of global greenhouse gas emissions come from urban areas. The urbanization trend may well present an opportunity to deliver significant global economic benefit through smarter, sustainable city designs, more energy efficient buildings, and cleaner forms of transportation.



# Delivering Results at Scale

Deteriorating trends across multiple and related environmental domains underscore the importance of achieving impacts at scale. The GEF has developed a strong track record for directly reducing environmental degradation. The challenge is not so much achieving positive results in a particular project but in doing so at a scale sufficient to deliver global environmental benefits. The key is to break down silos into which different environmental subject areas are divided and, sometimes, isolated.

Again and again, what we see is the interconnection of environmental threats. We can, for example, draw a straight-line connection from climate change to ocean acidification to coral reef degradation to marine

species loss, to reduced food security, or from deforestation to species loss to increased CO<sub>2</sub> emissions to land degradation and desertification. The GEF's wide-ranging areas of responsibility can also be interconnected in countless ways. Therefore, our interventions must build on the many linkages that exist across the different environment domains that form the core of GEF's mandate. While the international environmental architecture includes a number of funds, both existing and new, GEF is uniquely positioned to support programs that make connections across multiple categories of the environmental agenda. If we can craft approaches that deliver positive global benefits across multiple environmental sectors, we can leverage scarce public resources to maximum benefit.





# Focus on Drivers of Environmental Degradation

Delivering results at scale hinges on the careful targeting of interventions by GEF and our partner organizations. The urgency and scope of the challenges, and the limited resources available to deal with them, rule out a reactive approach. This is why GEF2020 focuses on the drivers of environmental degradation. Preventing the loss of biodiversity requires addressing its underlying causes, including production and consumption patterns that disrupt and destroy habitat. Similarly, reduction of greenhouse gas emissions to a degree that will prevent dangerous increases in global temperatures depends on strategies that address such issues as growing global energy demand and the push to replace fossil-fuel-based energy production with forms of renewable energy. Indeed, many seemingly disparate environmental problems trace their origins back to the same drivers, such as unsustainable consumption patterns.

Addressing environmental degradation at a systemic level reduces the need for subsequent remedial action—which often is much more expensive, if it is possible at all. The old adage “an ounce of prevention is worth a pound of cure” captures this point well. A stronger “upstream” driver focus will enable the GEF to deliver cascading global environmental benefits further down the

causal chain, thereby enhancing the overall impact of interventions. A driver-focused approach will also enable GEF to help countries better align global environmental objectives with national socioeconomic development priorities.

As stated in GEF2020, environmental drivers arise from the demand and supply of goods and services, which in turn generate environmental pressures that directly impact the state of the environment. Increasing population, then, would be an underlying socioeconomic trend behind an increased demand for food production. That increased demand is an indirect environmental driver of the need for increased agricultural production and greater land use for food production—a direct environmental driver of such impacts as the loss of natural habitat, agriculture-related pollution, and the release of greenhouse gases and ozone-depleting substances. These environmental pressures, then, degrade the atmosphere, reduce biodiversity, contribute to land degradation, consume freshwater resources, and can impact the oceans. Driver interventions will focus on such issues as rising demand for food, buildings, and energy, increasing land use for agriculture, food production processes, the provision of transportation, and technologies relating to building construction and energy production.



# Implementing GEF-6

In the Spring of 2014, 31 donor countries pledged \$4.43 billion for the four-year GEF-6 replenishment period beginning in July 2014. The record funding level to support efforts over the next four years by developing countries to prevent environmental degradation signals a powerful international consensus as to the importance of urgently reversing negative environmental trends to ensure a sustainable future for all.

The funding will support projects in more than 140 countries to tackle a broad range of threats to the global environment, including climate change, deforestation, land degradation, extinction of species and reduction in the flow of ecosystem services, toxic chemicals and waste, and threats to oceans and freshwater resources. The GEF-6 program envisions devoting an increased share of resources to lower-income recipient countries. GEF will also further its engagement with the private sector, its work in gender mainstreaming, collaboration with civil society organizations, and increased focus on

results and on leveraging other sources of funding for the benefit of the global environment by seeking higher levels of co-financing of its projects.

The core work of the GEF continues to be the multilateral environmental conventions: the United Nations Framework Convention on Climate Change (UNFCCC), the Convention on Biological Diversity (CBD), the Stockholm Convention on Persistent Organic Pollutants, the United Nations Convention to Combat Desertification, and the Montreal Protocol on Substances that Deplete the Ozone Layer.

Most recently, the new Minamata Convention on Mercury was added to the list of conventions served by the GEF. Adopted in October 2013, the Minamata convention seeks to eliminate the production and use of mercury. Almost 100 countries to date have signed the Minamata convention, and funding has been made available in GEF-6 to serve its implementation.

# Integrated Approach Pilots

Three new Integrated Approach Pilots set to get under way in GEF-6 aim at addressing some of the underlying drivers of environmental degradation through special focus on food security, urbanization, and deforestation. The programs will support activities in recipient countries that can help them meet commitments to more than one global environmental convention or thematic area at a time by tackling underlying drivers of environmental degradation. The pilots will seek to create synergies leading to greater and more sustained beneficial impact. They will complement country programming with transboundary, regional, and global-scale action by employing GEF's wide partnership network to bring stakeholders together around key priority issues.

The integrated approach to *Fostering Sustainability and Resilience for Food Security in Sub-Saharan Africa* recognizes that jointly tackling energy, water, soils and food is essential for sustainable development. The *Sustainable Cities* IAP offers a direct pathway to securing a higher return on

investment in the environment since cities offer the potential to work with decisions makers and stakeholders on integrated solutions around water, energy, transport, and other issues of importance for the global environment. And the IAP on *Taking Deforestation out of Commodity Supply Chains* will work with the private sector (producers), consumers and other stakeholders to tackle some of the principal drivers of forest loss in developing countries. A common thread running through these three pilots is the importance of addressing global environment issues holistically, within a much broader and more complex set of development challenges, and with the participation of a broad set of stakeholders from the public and private sectors.



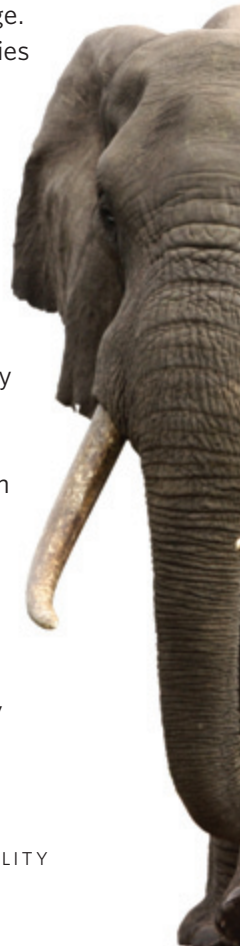
# When Needed: Rapid Response

The GEF2020 strategy emphasizes holistic and systemic approaches to global environmental trends but also recognizes the need to be nimble and to support urgent responses to immediate environmental pressures as they arise. When globally significant environmental assets in a given location are severely threatened, they warrant a focused intervention. In biodiversity, for example, the focus is on longer-term actions to reduce the underlying causes of the loss of biodiversity. In some cases, however, immediate action is needed to help conserve biodiversity against critical threats. The establishment of protected areas, habitat restoration, species recovery programs, and other targeted conservation interventions are among the available tools.

The ability to tackle immediate environmental pressures is particularly relevant to combating the illegal wildlife trade, a criminal enterprise that has reached crisis proportions in Sub-Saharan Africa. As a direct response to this calamity, GEF-6 includes funding to combat illegal wildlife trade through support for strengthened national and site-level monitoring and enforcement capacity and reduced consumer demand for illegally traded wildlife. A key element of the strategy involves raising awareness of the scale and impacts

of illegal wildlife trade on biodiversity and the environment, livelihoods, and human health, its links to organized crime, and the availability of sustainable alternatives.

The GEF will remain at the forefront of another immediate priority—the international effort to strengthen countries resilience to climate change. Principally through the Least Developed Countries Fund and Special Climate Change Fund, the GEF's adaptation program finances activities in the poorest and most vulnerable countries of the world. The GEF will systematically seek to pursue initiatives that cut across climate change adaptation and other GEF priority areas, with the aim of realizing both adaptation benefits and global environment benefits. For example, adaptation measures may generate global environmental co-benefits by improving water-use efficiency in agriculture or promoting ecosystem-based adaptation through sustainable management of mangroves in the face of rising sea level and coastal erosion. If implemented effectively, integration enables the GEF and its member countries to reap benefits from reduced transaction costs, increased cost-effectiveness in implementation, and economies of scale.



# A Strong Track Record Built on Strategic Partnerships

A key reason why the GEF was able to gain a record \$4.43 billion in donor-country pledges for the GEF-6 replenishment was the organization's strong reputation for sound management of donor country and development partner funds.

The GEF's highly capable and diversified network of agencies—consisting of UN agencies, the World Bank, Regional Development Banks, and selected civil society organizations and national institutions and regional entities—is a key reason for this success. The GEF will continue working with CSOs,

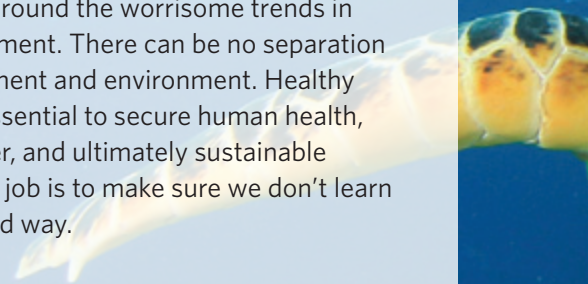
including indigenous peoples, in recipient countries and internationally to develop knowledge that will have impact on key drivers and jointly create platforms for actions. Likewise, through strategic partnerships with key actors in the private sector, the GEF can tremendously extend its impact and achieve scale, and can ensure that the private sector is invested in, and contributing to, global environmental solutions. Finally, the GEF2020 strategy envisions a continuing and strengthening focus on gender mainstreaming and women empowerment as an important element in achieving our vision.



# What's Next

The entire GEF partnership is energized to begin implementation of the GEF-6 work program. We need to skillfully manage our resources, carefully target our efforts, get the most out of every dollar invested, foster innovation for new approaches to stubborn problems, and bring together coalitions whose combined efforts add up to much more than the sum of their parts. Leverage, convening power, and innovation will be essential to creating the

critical mass needed to achieve sustaining impacts at scale and turn around the worrisome trends in the global environment. There can be no separation between development and environment. Healthy ecosystems are essential to secure human health, food, energy, water, and ultimately sustainable development. Our job is to make sure we don't learn this lesson the hard way.







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